

Message Text

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ORIGIN XMB-04

INFO OCT-01 EA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 USIA-15

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APPROVED BY EB/OCA/REP:GPWILSON

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EB/IFD/ODF:EMLINTON

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R 092223Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

UNCLAS STATE 269707

E.O. 11652:N/A

TAGS: APUB, RP

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO PHILIPPINES

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE
ON THE DIRECT CREDIT OF DOLS 2,550,000 TO REPUBLIC TELEPHONE
COMPANY, INC., (RETELCO). RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, D.C. FOR A. M. PAPERS, THURSDAY,
DECEMBER 19, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 2,550,000 SUPPORTS DOLS 8.5
MILLION SALE OF U.S. EQUIPMENT FOR TELEPHONE EXPANSION
IN PHILIPPINES

TO HELP FINANCE AN DOLS 8.5 MILLION SALE OF U.S.
EQUIPMENT FOR THE EXPANSION OF A TELEPHONE SYSTEM IN THE
PHILIPPINES, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT
BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT
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OF DOLS 2,550,000 TO FINANCE 30 PERCENT OF THE TOTAL

U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY.
A CREDIT OF DOLS 5.1 MILLION FROM PRIVATE SOURCES NOT YET
DESIGNATED WILL FINANCE 60 PERCENT OF THE TOTAL U.S.
COSTS, OF WHICH ONE-HALF OR DOLS 2,550,000 WILL BE COVERED
BY EXIMBANK'S FINANCIAL GUARANTEE. THE OBLIGOR, REPUBLIC
TELEPHONE COMPANY, INC.,(RETELCO), OF MANILA, WILL
MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10
PERCENT OR DOLS 850,000.

INCORPORATED IN 1954, RETELCO IS PLANNING A SUBSTANTIAL
EXPANSION AND MODERNIZATION PROGRAM FOR THE TELEPHONE
SYSTEM SERVING THE MANILA ENVIRONS. GENERAL TELEPHONE AND
ELECTRONICS INTERNATIONAL OF STAMFORD, CONNECTICUT, HAS A
CONTRACT FOR THE SUPPLY AND INSTALLATION OF CENTRAL OFFICE
AUTOMATIC TELEPHONE EXCHANGES WHICH INCLUDE THREE LARGE
ELECTRONIC TYPE EXCHANGES FOR GREATER MANILA METROPOLITAN
AREAS AND PERHAPS TEN SMALL ELECTRO-MECHANICAL
TYPE EXCHANGES FOR PROVINCIAL AREAS.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS
BEGINNING APRIL 30, 1978. EXIMBANK'S DIRECT CREDIT
OF DOLS 2,550,000 WILL BE REPAID OUT OF THE LAST 7 IN-
STALLMENTS WITH INTEREST AT THE RATE OF 8 PERCENT
PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT
FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST
COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT
10.7 PERCENT TO 10.95 PERCENT PER ANNUM. REPAYMENT OF
EXIMBANK'S CREDIT OF DOLS 2,550,000 AND THE PORTION OF THE
CREDIT FROM PRIVATE SOURCES WHICH IS COVERED BY EXIMBANK'S
FINANCIAL GUARANTEE IS TO BE GUARANTEED BY THE
PHILIPPINE NATIONAL BANK. UNQUOTE
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE269707
Document Source: CORE
Document Unique ID: 00
Drafter: PAD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740357-0510
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741249/aaaabqag.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 09 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 OCT 2002 by ReddocGW>; APPROVED <05 FEB 2003 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO PHILIPPINES FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE
TAGS: APUB, EFIN, RP, REPUBLIC TELEPHONE COMPANY, XMB
To: MANILA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005